GOVERNMENT OF INDIA
COAL
LOK SABHA

UNSTARRED QUESTION NO:4202
ANSWERED ON:18.12.2014
NEW COAL DISTRIBUTION POLICY
Hari Shri G.

Will the Minister of COAL be pleased to state:

(a) whether the Government has amended the new coal distribution policy which lays down guidelines for the distribution and pricing of coal produced by Coal India Limited and other public sector coal companies;

(b) if so, the details thereof;

(c) whether this decision is expected to ensure optimum supply of coal to power projects currently under implementation; and

(d) if so, the details thereof?

Answer

MINISTER OF STATE (I/C) IN THE MINISTRY OF COAL, POWER AND NEW AND RENEWABLE ENERGY (SHRI PIYUSH GOYAL)

(a): Yes, Madam.

(b)to(d): The guidelines on "The New Coal Distribution Policy" (NCDP) were issued by Government of India on 18.10.2007 for distribution and pricing of Coal to various sector.

As per para 2.2 of the said policy, Power Utilities were to be supplied 100 per cent of the quantity as per their normative requirement through Fuel Supply Agreements (FSAs) by Coal India Limited (CIL) at fixed prices to be declared / notified by Coal India Limited(CIL). And as per para 5.2, in order to meet the domestic requirement of coal, CIL was to import coal as required from time to time, if feasible and adjust its overall price accordingly.

Government vide instructions dated 26.07.2013 has approved a revised arrangement for supply of coal to the identified Thermal Power Stations (TPPs) of 78,000 MW capacity commi- ssioned or likely to be commissioned during the period from 01.04.2009 to 31.03.2015. Taking into account the overall domestic availability and the likely actual requirements of these TPPs, it has been decided that FSAs will be signed for the domestic coal quantity of 65%, 65%, 67% and 75% of ACQ for 2013-14, 2014-15, 2015-16 and 2016-17, respectively, for the power plants having normal coal linkages. Cases of tapering linkage would get coal supplies as per the Tapering Linkage Policy. To meet its balance FSA obligations towards the requirement of the said 78,000 MW TPPs, CIL may import coal and supply the same to the willing power plants on cost plus basis. Power plants may also directly import coal them- selves, if they so opt, in which case, the FSA obligations on the part of CIL to the extent of import component would be deemed to have been discharged.

In view of the above, Para 2.2 and 5.2 of the New Coal Distribution Policy dated 18.10.2007 stand modified to the above extent.

And further, taking into consideration the cases of project developers who could not achieve the milestones within the validity period of Letter of Assurance(LoA) due to reasons beyond their control, Government vide amendment dated 04.09.2013, replaced existing entry at para 6.4 of NCDP with the following:-

"LoA will be valid for a period of 12/24 months as applicable, during which the applicant consumer / LoA holder will be required to achieve the milestones pertaining to his projects/ plant as stipulated in the LoA, failing which LoA will be liable to be cancelled and the Earnest Money / Commitment Guarantee will be liable to be forfeited. However, the validity period of LoA can be extended by the competent authority on the recommendation of SLC (LT)".